Assistant Secretary of the Army Financial Management and Comptroller

2005 Army Day
National Professional Development Institute

A Campaign Quality Army with a Joint Expeditionary Mindset

Our Army at War...Relevant and Ready

Strategic Planning Approach

21st Century Security Environment:
An Era of Uncertainty and Unpredictability
Four Challenges: Traditional, Irregular, Catastrophic, and Disruptive
A Persistent State of Conflict Will Endure

Strategic Goal: Relevant and Ready … Today and Tomorrow

Mission: To Provide Necessary Forces and Capabilities to the Combatant Commanders in Support of the National Security and Defense Strategies

Overarching and Interrelated Strategies

Current Force & Business Processes

Overarching Strategy: Relevant, Ready Landpower to Support the Combatant Commanders	**Overarching Strategy:** Well-Trained, Equipped Soldiers Serving as Warriors Led by Adaptive Leaders	**Overarching Strategy:** Quality of Life and Well-Being for Our People That Match the Quality of Their Service	**Overarching Strategy:** Infrastructure to Enable the Force to Fulfill Its Strategic Roles and Missions
Major Initiatives	**Major Initiatives**	**Major Initiatives**	**Major Initiatives**
• Building a Campaign-Quality Force with Joint and Expeditionary Capabilities	• Reinforcing our Centerpiece: Soldiers as Warriors	• Maintaining the Viability of the All-Volunteer Force	• Business Transformation
• Enhancing Joint Interdependence	• Recruiting and Retaining Soldiers	• Caring for Army Families and Soldiers	• Maintaining our Installations as "Flagships of Readiness"
• Resetting the Force	• Equipping our Soldiers		• Improving Global Force Posture
• Converting to a Brigade-Based Modular Force	• Training Soldiers and Growing Adaptive Leaders		• LandWarNet
• Rebalancing Active and Reserve Component Units and Skills	• Enhancing the Combat Training Centers		
• Stabilizing Soldiers and Units to Enhance Cohesion and Predictability			
• Leveraging Army Science and Technology Programs			
• Spiraling Future Combat Systems Capabilities into the Current Force			
• Restructuring Army Aviation			

21st Century

Future Force & Business Processes

Risk: An Adaptive Enemy, Limited Resources, Our Pace of Operations, and Stress on the Force

Conclusion: Remaining Relevant and Ready in Service to the Nation

ASA(FM&C) Strategic Priorities
Alignment to Army Overarching Strategies

- **ASA-FM&C strategies 1, 2, 3 & 4 support of all Army strategies.**

- **Elements of strategies 2, 3 & 4 support business transformation initiatives directly**

Overarching Strategy: Relevant, Ready Landpower to Support the Combatant Commanders	Overarching Strategy: Well-Trained, Equipped Soldiers Serving as Warriors Led by Adaptive Leaders	Overarching Strategy: Quality of Life and Well-Being for Our People that Match the Quality of their Service	Overarching Strategy: Infrastructure to Enable the Force to Fulfill Its Strategic Roles and Missions
Major Initiatives • Building a Campaign-Quality Force with Joint and Expeditionary Capabilities • Enhancing Joint Interdependence • Resetting the Force • Converting to a Brigade-Based Modular Force • Rebalancing Active and Reserve Component Units and Skills • Stabilizing Soldiers and Units to Enhance Cohesion and Predictability • Leveraging Army Science and Technology Programs • Spiraling Future Combat Systems Capabilities into the Current Force • Restructuring Army Aviation	**Major Initiatives** • Reinforcing our Centerpiece: Soldiers as Warriors • Recruiting and Retaining Soldiers • Equipping our Soldiers • Training Soldiers and Growing Adaptive Leaders • Enhancing the Combat Training Centers	**Major Initiatives** • Maintaining the Viability of the All-Volunteer Force • Caring for Army Families and Soldiers	**Major Initiatives** • Business Transformation • Maintaining our Installations as "Flagships of Readiness" • Improving Global Force Posture • LandWarNet

Loyalty – Duty – Respect – Selfless-Service – Honor – Integrity – Personal Courage

Overarching Strategy: 1. Close the gap between Army requirements and funding	Overarching Strategy: 2. Improve the quality of the financial management information systems	Overarching Strategy: 3. Improve accountability and management controls for the Army enterprise	Overarching Strategy: 4. Execute effective financial management
Objectives: 1.1. Reduce requirements 1.2. Obtain resources:	**Objectives:** 2.1. Deploy GFEBS and integrate with other business systems 2.2. Eliminate redundant legacy systems	**Objectives:** 3.1. Establish Controller functions 3.2. Monitor Army Budget Performance Integration (BPI) Metrics 3.3. Correct material weaknesses 3.4. Improve management controls	**Objectives:** 4.1. Execute budgeted resources IAW plan 4.2. Control program costs and analyze execution 4.3. Integrate Six Sigma and Cost Management / ABC 4.4. Provide training, education, and leadership development to the FM Future Force

Human and Financial Resources

Strategic Priorities for Army Financial Management

21st Century Financial Management Environment

- Constrained budget
- Increasing accountability, transparency
- Enterprise systems
- Emphasis on controls
- Need for timely resource decision-making
- Emphasis on results oriented

Intent: Army financial management will be an effective, efficient provider of support to the Joint and expeditionary Army.

Mission: Provide the resources to support Army missions. Control the distribution of funds, account for Army assets and ensure the efficient and effective stewardship of the Nation's resources entrusted to Department of the Army.

Loyalty – Duty – Respect – Selfless-Service – Honor – Integrity – Personal Courage

Overarching Strategy:	Overarching Strategy:	Overarching Strategy:	Overarching Strategy:
1. Close the gap between Army requirements and funding	**2. Improve the quality of financial management information systems**	**3. Improve accountability and management controls for the Army enterprise**	**4. Execute effective financial management**
Objectives:	**Objectives:**	**Objectives:**	**Objectives:**
1.1. Reduce requirements	2.1. Deploy GFEBS and integrate with other business systems	3.1. Establish Controller functions	4.1. Execute budgeted resources IAW plan
1.2. Obtain resources	2.2. Eliminate redundant legacy systems	3.2. Monitor Army Budget Performance Integration (BPI) Metrics	4.2. Analyze execution and develop controls on selected programs
		3.3. Correct material weaknesses	4.3. Integrate Six Sigma and Cost Management / ABC
		3.4. Improve management controls	4.4. Provide training, education, and leadership development to the FM Future Force

Human and Financial Resources

Risk: Increasing or constant requirements in the face of limited resources.

Overarching Strategy
Close the Gap Between Army Requirements and Funding

Goals FY05

	FY06	FY07
1.1. Increase Funding	$1.5B	$4.5B
1.2. Reduce Unfunded Requirements	$5B	$10B

FY06 Gap

	Goal	Current Actual
% Rqmts Funded	79%	75%

FY07 Gap

	Goal	Current Actual
% Rqmts Funded	89%	80%

The end state goal is to fund to 90% of validated requirements

Goals result in funding at 79% in FY06 and 89% in FY07 since 90% is not feasible in the near term

Assessment

Current FY 2006 – 2007 gap is $61B or 23% (Requirements =$270B / Funding = $209B)

1.1. Funding

- **Pressures to reduce the deficit make funding increases less likely**

1.2. Requirements

- **Current process does not lend itself to distinguish which UFRs are truly critical and which are merely good ideas**

- **Greatest gain to be made by reviewing requirements, particularly those on the books for multiple years**

Action Plan

1.1. Increase Funding

- **FY06 – Engage Congressional leadership and staff**

- **FY07 – Engage OSD & OMB leadership to protect current level & add $3B for personnel strength (supplemental strategy)**

1.2. Reduce Unfunded Requirements

- **Review and scrub requirement models**

  BASOPS (AIM FII) $9.6B Rqmts, 31% gap   Facilities Revitalization (TRM) $7.3B Rqmts, 68% gap

  OPTEMPO (TRM) $3.6B Rqmts, 31% gap   RC Manpower / Full Time Support $12.7B Rqmts, 33% gap

  Focused Logistics $2.5B Rqmts, 52% gap   Force Application (Equipment) $8.7B Rqmts, 26% gap

- **Examine divestment alternatives**

	FY06 Goal	FY06 Actual	FY07 Goal	FY07 Actual
# Reviewed	6		6	
$ Divested	$1.0B		$1.0B	

- **Six Sigma; improve processes**

Army Wide	Army Wide	ASA-FM&C
PPBE	Installation Management	Business Initiatives Council
PPBE Rqmts	Life Cycle Management	Anti-deficiency Act Investigations
Recruiting		Contract Disputes Act
		Judgment Fund

Metrics

1.1. Increase Funding

* Does not reflect supplemental

FY06 Funding *

	Goal	Actual
FY06 President's Budget (Reflecting OSD / OMB Actions)	$102.4B	$98.6B
FY06 Appropriation (Reflecting Hill Actions)	$98.6B	TBD
Goal	+$1.5B	
	$100.1B	

FY07 Funding *

	Goal	Actual
Current Position		$110.1B
FY07 President's Budget (Reflecting OSD / OMB Actions)	$110.1B	TBD
Goal	+$3.0B	
	$113.1B	
FY07 Appropriation (Reflecting Hill Actions) Goal +$1.5B		TBD

1.2. Requirements Scrubbed

FY06 Rqmts

	Goal	Actual
Current Rqmts		$131.9B
Rqmts Review	$131.9B	TBD
Review Models	Goal - $3.0B	
Divestment	Goal - $1.0B	
Process Improvement	Goal - $1.0B	
	$126.9B	

FY07 Rqmts

	Goal	Actual
Current Rqmts		$138.1B
Rqmts Review	$138.1B	TBD
Review Models	Goal - $7.0B	
Divestment	Goal - $1.0B	
Process Improvement	Goal - $2.0B	
	$128.1B	

Overarching Strategy
Improve the Quality of the Financial Management Information Systems

Goals FY05

🔶 **2.1. Deploy GFEBS**

  - Release Request for Quotes (RFQ)

  **- Achieve Milestone A – Authorization to Proceed to Concept
      Development**

  - Award Contract

  - Begin Technical Demonstration

🟩 **2.2. Eliminate Legacy Systems**

  **- Map All 144 FM Systems to the Single Army
  Financial Enterprise Architecture**

Assessment

**2.1. Current Systems Do Not Allow Army to Meet Standards of
      Financial Management Integrity Act (FFMIA)**

  - Unable to provide financial information for clean audit

  - Commercial Off the Shelf (COTS) solution indicated

2.2. 144 Non-integrated Systems with Costly and Redundant I

Action Plan

2.1. Deploy GFEBS

  - Conduct Technology Demonstration of Real Property Inventory

2.2. Eliminate Legacy Systems

  **- Use business process reengineering/ mapping blueprint to
  determine which systems will be subsumed by GFEBS**

  **- Categorize 144 Financial Systems and Develop Retirement
  Strategy**

Metrics

	Dates	
2.1. Milestone Schedule	**Planned**	**Achieved**
- RFQ	**JAN 05**	**MAR 05**
- Milestone A	**13 APR 05**	
- Contract Award	**26 MAY 05**	
- Achieve Milestone B1		**SEP 05**

2.2. Legacy System Disposition:

	FY05		**Disposition of Categorized Systems:**	
	Goal	**Actual**	**Systems to be Integrated**	29
			Systems to be Interfaced	0
Systems to be Categorized	194	29	**Systems to be Eliminated**	49
			TBD	116

Overarching Strategy
Improve Accountability and Management Controls for the Army Enterprise

Goals FY05

3.1. Establish Controller Functions and Hire This Fiscal Year

3.2. Develop Army Budget Performance Integration (BPI) Metrics (Current 83% Complete) for 100% of Programs

3.3. Correct 8 of 12 Material Weaknesses in FY05:
- 3 require IT system upgrades and scheduled to close FY06 - FY08
- 1 requires extensive data validation-scheduled to close in FY06

3.4. Improve Management Controls
- Complete investigation of all potential Anti-Deficiency Act (ADA) violations within 9 months
- Reduce Individually Billed Travel Card delinquency rate from 4.9% to 2%
- Reduce Centrally Billed Travel Card rate from .9% to 0%
- Reduce Government Purchase Card rate from 1.7% to 0%

Assessment

3.1. Army Needs Controller to Provide Consistent Focus on Cost and Management Controls

3.2. Army is ahead in BPI development and will use BPI Measures to Judge Program Performance for Funding Provided

3.3. Army Material Weaknesses Result From Poor Management Controls and Inefficient IT Systems

3.4. Management Controls
- Improve ADA Investigation process to ensure timely resolution
- Capture lessons learned to preclude future civil and criminal penalties
- Delinquency rates of travel and purchase cards result in external criticism
- Army needs good control of management costs for large program cost drivers

Action Plan

3.1. Hire Controller to Provide Army Enterprise Management Focus For Cost Controls

3.2. Budget Performance Integration (BPI) Metrics:
- Will develop measures for 100% of TOA for next FY
- Will use BPI measures to conduct Mid Year Reviews at Army and OSD levels

3.3. The 12 Material Weaknesses Have Individual Plans of Action & Milestones That Are Reviewed Quarterly

3.4. Management Controls:
- Developed ADA Investigation "As- Is" flow map to streamline process and drafted memo to recommend DoD reevaluate entire investigation process
- Counseling or disciplinary action for Travel Card/Purchase Card delinquencies delegated to MACOMs

Metrics

3.1. Target Date Controller Hired – MAY 2005

3.2. % of TOA with BPI Performance Measures:

FY07 - PB

Goal	Actual
100%	83%

3.3. Correct Material Weaknesses:

FY05

Goal	Actual
8	2

3.4. Management Controls: (OSD Metrics)

FY05

- Number of ADA investigations over 9 months old
- Individually Billed Travel Cards – delinquency rate
- Centrally Billed Travel Cards – delinquency rate
- Government Purchase Cards – delinquency rate

	Goal	Actual
ADA	0	11
IBA	2.0%	3.0%
CBA	0.0%	1.16%
Purchase	0.0%	0.9%

Variable interest rate not tracked at Component level

Overarching Strategy
Execute Effective Financial Management

Goals FY05

4.1. Execute 100% of Available Resources

4.2. Analyze Execution and Develop Cost Drivers for Selected Programs

4.3. Achieve 50% Reduction in Process Time Through Use of Six Sigma; Develop Activity Cost Structures for Four Business Areas in Support of GFEBS

4.4. Train 803 Military and Civilian Financial Management (FM) Professionals this Fiscal Year

Assessment

4.1. MPA & OMA Will Exhaust Funds in May; OMA Burn Rates Project $3 – $5 B Shortage for Fiscal Year

4.2. Army Lacks Controls on Larger Program Cost Drivers at the Enterprise Level

4.3. Business Transformation Requires Measuring Costs and Gaining Efficiencies in Major Processes

4.4. Army Transformation Increases Demands for a Highly Skilled Workforce

Action Plan

4.1. Budget Execution

- Monitor execution and pursue aggressively the FY05 supplemental
- Develop reprogramming plan to balance Army appropriations
- Conduct Mid Year Reviews at Army and OSD levels

4.2. Control Program Cost Drivers

- Develop program cost controls
- Monitor execution of program costs
- Use cost information for program assessments in support of budget development

4.3. Six Sigma and ABC

- Conduct Six Sigma reviews on 6 processes
- Develop ABC cost structures for 4 business processes

4.4. Training

- Make competitive training available to FM professionals throughout the Army

Metrics

4.1. Budget Variance Analysis:

	Available		Planned Obligation		Actual Obligation
Disbursed					
	$	%		% FY05	%

Mid Year Reviews:

	Goal	Actual
	26	

4.2. Program Cost Drivers:

FY05	Goal	Actual
OPTEMPO - Cost Per BDE	$45.2M	$8.9M
CIVPAY – Avg $ Per Civilian	$69.2K	$17.6K
BASOPS – Avg $ Per Installation	$67.9M	$14.6M
MILPAY – Avg $ Per Soldier	$66.5K	$16.3K

4.3. Six Sigma:

FY05	Goal	Actual
Cycle Time Reduction	50%	
Process Cost Reduction	TBD	

4.4. Trained FM Professionals:

FY05	Goal	Actual
	803	416

Army Leaders in the 21st Century "The Pentathlete"

- Strategic & creative **thinker**
- **Builder** of leaders & teams
- Competent **warfighter** (incl. S&R and Homeland Def.)
- Effective in **managing, leading** & **changing** the business side of the Army
- Skilled in governance, **statesmanship**, and diplomacy
- Understands **cultural context**, and works effectively across them

- **Decisive**, with integrity & character
- **Confident** and **competent** decision-maker in uncertain situations:
  - **Prudent risk taker**
  - **Innovative**
  - **Adaptive**
- Empathetic
- **Professionally educated, life-long learner**
- **Effective communicator**

Personifies the **Warrior Ethos** in all respects, from Warfighting to statesmanship to enterprise management...It's a way of life